

Difference Between Markup and Profit Margin

Terminology speaking, **markup percentage** is the percentage difference between the actual cost and the selling price, while **gross margin percentage** is the percentage difference between the selling price and the profit.

<https://strategiccfo.com/margin-vs-markup-2/>

- *Margin* (also known as **gross margin**) is sales minus the cost of goods sold. For example, if a product sells for \$100 and costs \$70 to manufacture, its margin is \$30. Or, stated as a percentage, the margin percentage is 30% (calculated as the margin divided by sales).
- *Markup* is the amount by which the cost of a product is increased in order to derive the selling price. To use the preceding example, a markup of \$30 from the \$70 cost yields the \$100 price. Or, stated as a percentage, the markup percentage is 42.9% (calculated as the markup amount divided by the product cost).

Please use the following link to look at examples

<https://www.accountingtools.com/articles/what-is-the-difference-between-margin-and-markup.html>

The following bullet points note the differences between the margin and markup percentages at discrete intervals:

- To arrive at a 10% margin, the markup percentage is 11.1%
- To arrive at a 20% margin, the markup percentage is 25.0%
- To arrive at a 30% margin, the markup percentage is 42.9%
- To arrive at a 40% margin, the markup percentage is 80.0%
- To arrive at a 50% margin, the markup percentage is 100.0%

Item: Coors Light 1/2 Keg | Coors Light 1/2 Keg | (E)

Basic	Details	Inventory	Pricing	Vendors	Special	Options	Notes	Image
Pricing & Cost Information								
Base Price	=	\$120.00		Profit Margin %	Enter your margin % to auto fill price			
Weighted Average Cost	=	95.99		%	20.01			
				Margin	\$ 24.01			
Other Info								

Dollar Margin (cost of goods) = \$24.01 / \$120.00 = %20.01 (Profit Margin)